

## Message Text

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ACTION EUR-12

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R 251011Z JAN 75  
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INFO AMEMBASSY PARIS  
AMEMBASSY LONDON  
AMEMBASSY ROME  
USMISSION OECD PARIS

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PASS TREASURY DEPARTMENT AND FEDERAL RESERVE

E.O. 11652: N/A  
TAGS: EFIN: GW  
SUBJECT: FINANCE MINISTER APEL INFORMS BUNDESTAG ON  
WASHINGTON MONETARY MEETINGS

REF: BONN 1044 AND BONN 1110

1. ON JANUARY 23 FINANCE MINISTER APEL REPORTED TO THE BUNDESTAG ON THE OUTCOME OF THE IMF AND G-10 MEETINGS IN WASHINGTON. THE KEY POINTS CONTAINED IN HIS PRESENTATION WERE AS FOLLOWS.

2. CONCERNING THE SOLIDARITY FUND APEL MADE CLEAR THAT THE GERMANS HAD IN MIND A GUARANTEE ARRANGEMENT RATHER THAN A DIRECT CONTRIBUTION. IN FACT HE SAID "..... A FUND WILL NOT BE FORMED, INSTEAD THE MONEY WILL BE OBTAINED ONLY AFTER AN EMERGENCY HAS ARISEN." THE METHOD OF FINANCING REMAINS OPEN, HE ASSERTED. "WE AS THE FEDERAL GOVERNMENT ENVISAGE GUARANTEES IN THE AMOUNT OF OUR QUOTA .... FOR WHICH THEN THE FUNDS WILL BE BORROWED  
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ON MONEY MARKETS." HE SAW THIS AS, IN THE FINAL

ANALYSIS, A FORM OF RECYCLING OF THE "OIL BILLIONS." HE EMPHASIZED THAT IN HIS VIEW THE SOLIDARITY FUND WAS A FUND DEFINITELY OF LAST RESORT. ADDITIONALLY HE STRESSED THE STRINGENT CONDITIONS ATTACHED TO THE DRAWING OF THESE FUNDS AS WELL AS THE WEIGHTED APPROVAL PROCESS WHICH ASSURED NO PROLIFIGATE USAGE. APEL APPRAISED THE RESULTS AS HAVING MATERIALLY FOSTERED SOLIDARITY AMONG WESTERN INDUSTRIAL NATIONS WITHOUT ENTERING INTO CONFRONTATION WITH THE OPEC COUNTRIES.

3. THE FINANCE MINISTER DESCRIBED THE GOVERNMENT'S PLEDGE TO SUBSIDIZE INTEREST ON OIL CREDITS OF THE IMF TO DEVELOPING COUNTRIES, POINTING OUT THE DM 8 MILLION BURDEN IT REPRESENTED FOR THE FRG 1975 BUDGET.

4. ON THE ISSUE OF QUOTA INCREASES IN THE IMF APEL REFERRED TO THE 32.5 PERCENT FINAL RESULT AS A COMPROMISE REACHED BETWEEN THE FRG'S ORIGINAL MODEST INCREASE POSITION AND THE 100 PERCENT INCREASE SOUGHT BY MANY COUNTRIES, INCLUDING THE ITALIANS AND BRITISH.

5. APEL STATED THAT THE FRG WAS NOT THINKING OF REVALUING ITS GOLD RESERVES UPWARD AS HAD FRANCE. FEAR OF THE INFLATIONARY IMPACT OF SUCH A MOVE WAS CITED.

6. IN A SUBSEQUENT RADIO INTERVIEW APEL SAID THAT IT WILL SOON BECOME NECESSARY TO COME BACK TO THE EARLIER GERMAN SUGGESTION FOR THE CREATION OF AN INTERNATIONAL INVESTMENT BANK WITH PARTICIPATION OF BOTH INDUSTRIAL AND OIL COUNTRIES. WHILE THIS PLAN WAS FIRST LAUGHED AT, APEL DECLARED, IT NOW CAN BE SEEN AS A WAY OF OBTAINING THE INTERNATIONAL COOPERATION AND PARTICIPATION OF ARABS IN INDUSTRIAL INVESTMENT WITHOUT THE DANGER OF FOREIGN CONTROL.  
HILLENBRAND

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